

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
Office of Tax and Revenue

**NOTICE**  
**JUNE 4, 2002**

**District of Columbia Estate Taxes & Federal Tax Relief Act of 2001**

Generally, the District of Columbia refers to the federal estate tax IRS Form 706 and uses the federal "state death tax credit" as the starting point for the DC estate tax computation. Current District Estate Tax law stipulates that the tax amount due to the District is the maximum credit for state death taxes allowed under Internal Revenue Code §2011, as it existed on January 1, 1986.

This means that District Estate Tax law does not conform to the new federal reductions in the amount of the allowable state tax credit that is reduced by 25 percent in 2002, by 50 percent in 2003, by 75 percent in 2004 and by 100 percent in 2005, when the state tax credit is repealed for federal estate tax purposes.

Consequently, a District estate tax return, Form D-76, may be required to be filed even when a federal estate tax return, Form 706, is not required to be filed with the IRS. It should be noted that Form 706 will need to be prepared in order to complete Form D-76 even though the Form 706 is not required to be filed.

Although the current federal exemption filing level is \$1,000,000 (for 2002), a District of Columbia Estate Tax Return (D-76) must be filed for estates that equal \$600,000 or more. See DC Official Code § 47-3701(6).

The Mayor is proposing a one-time increase in the unified credit exemption threshold for filing an estate tax return from \$600,000 to \$675,000, effective January 1, 2002.

Further guidance and revised Estate Tax forms will be provided on or about July 15, 2002. Meanwhile, please contact Henry M. Terrell, Esq. at (202) 442-6344 with additional questions.